UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information
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TO FARM JOURNAL EDITORS:

The following information is for your use.

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FARMERS UNDER CORN LOAN PLAN GAIN $82,989,592

With only slightly over $500,000 of the $120,493,259 in loans on 1933-34 farm-stored corn still to be paid, farmers who availed themselves of the Commodity Credit Corporation loans have realized a net gain of $82,989,592 over the loan value of their corn and the costs of the loan, as announced by the Agricultural Adjustment Administration.

This estimate was reached on the basis of the figures supplied by the Commodity Credit Corporation. The 1933-34 loans were made on 267,540,500 bushels of corn, at the rate of 45 cents a bushel, held under seal in Colorado, Illinois, Indiana, Iowa, Kansas, Minnesota, Missouri, Nebraska, Ohio and South Dakota. To January, 1935, approximately 266,457,000 bushels had been released by payment of $119,905,366 of principal.

At average prevailing market prices computed monthly on the amount of corn released, the sealed corn had a market value when sold of $207,037,089. From this is deducted $124,047,497, which includes the principal of $119,905,366 already paid, and total cost of the loans to farmers in interest, insurance, etc. of $4,142,131, thus showing a net gain over loan value of $82,989,592.

Officials of the Agricultural Adjustment Administration and the Commodity Credit Corporation feel that the corn loans, by making it possible for Corn Belt farmers to realize this net gain of more than $82,000,000, have been of inestimable value not only to agriculture but to business in general. The loans also had the highly important effect of causing a carryover of approximately 50,000,000 more bushels of corn into the fall feeding season than would have been carried over without the loan. The availability of this corn for feeding has undoubtedly resulted in average lower costs than would have prevailed had the corn moved from the farms into commercial channels.

The $4,142,131 in charges which the farmers paid for the loans covered every cost which the borrowers had to meet. Interest at 4 percent and insurance charges paid by the borrowers amounted to $2,709,846; sealing and inspection

fees to $1,332,285, and filing and recording fees to approximately $100,000.

Total amounts of loans made under the 1933-34 plan, by states, in round figures were: Colorado, $70,000; Illinois, $31,100,000; Indiana, $1,200,000; Iowa, $57,150,000; Kansas, $1,000,000; Minnesota, $5,500,000; Missouri, $1,000,000; Nebraska, $22,000,000; Ohio, $280,000; South Dakota, $1,700,000.

Corn loans were made from December, 1933, to August, 1934, at the following rates per month: December, 1933, $14,560,107; 1934: January, $30,442,381; February, $20,484,209; March, $14,993,465; April, $6,767,301; May, $3,886,450; June, $28,686,808; July, $670,196; and August, $2,337.

Repayment began the same month loans began, in December, 1933, and have continued without interruption ever since. The peak of payments was reached in August, 1934, with $37,759,238 received. Officials say there has been no trouble whatever in collecting payments of loans, and only in a few cases has the government had to possess corn under seal to take care of the loans. These have been the rare cases in which borrowers moved leaving the corn on the abandoned premises, or have otherwise failed to properly take care of the corn. It is anticipated that the small balance still due will be paid without loss.

Careful study of the figures available has shown that the borrower made an average net gain of more than 30 cents per bushel over and above the loan value of 45 cents plus average carrying charges of only 2.57 cents per bushel.

Now that corn is scarce and prices are high, the Commodity Credit Corporation's new corn loan, at 55 cents per bushel, does not find so many takers, only those farmers who desire to hold corn for their own use being interested in the loans. In other words, prices have been put up near parity and there is a tremendous demand for the feed grain at the present time. Therefore a comparatively small amount is being placed under seal, but the approximately 18,000,000 bushels under seal under the new loan is considered by officials to be a valuable protection to the farmers.

New loans made by states to January 7 total: Colorado, $154; Illinois, $2,268,543; Indiana, $230,960; Iowa, $5,446,716; Kansas, $8,835; Minnesota, $349,460; Missouri, $110,742; Nebraska, $1,247,702; Ohio, $43,496; and South Dakota, $181,725; total, $9,888,333.

The Commodity Credit Corporation holds the paper for only $3,531,070 of this total, the balance being held by local banks and similar financial institutions under the agreement of the Commodity Credit Corporation to purchase such paper. Under the 1933-34 plan the Commodity Credit Corporation held approximately $93,000,000 of the loans while banks held only $26,000,000.

# # #

DECEMBER, 1934, MILK PRICES AND MARGINS

In a review of 40 metropolitan milk markets comparing December, 1934, conditions with those of December, 1932, the dairy section of the Agricultural Adjustment Administration has found that producers are receiving higher prices on 35 markets, consumers are paying higher retail delivered prices on 33 markets, and somewhat greater gross margins to distributors are indicated on 30 markets.

Of the 40 markets reviewed, 17 are under Federal milk licenses, 13 are State regulated markets, and 10 are without any form of official control.

Data for the comparison were contained in the published reports of the Market News Service, Bureau of Agricultural Economics, which, however, placed all markets on the straight 3.5 percent butterfat basis. All prices used in the review were adjusted to the butterfat content of the milk sold by dealers in the respective markets.

Dealers' buying prices for milk, f.o.b. the cities, the prevailing retail delivered price per quart as announced for each market, and the gross margins per quart to distributors on that portion of the milk delivered to homes, are included for both December, 1932, and December, 1934. The figures relating to dealers' gross margins do not include milk sold at wholesale, nor indicate the prices and margins on milk sold from stores. Only milk delivered to homes in the family trade is included, and on some markets this volume is relatively small in comparison to the wholesale and store volume of sales.

Analysis of the figures indicates that consumers' prices on retail milk delivered has advanced on 33 out of 40 markets comparing December, 1934, with December, 1932. Such advances to consumers are indicated on 13 of the 17 Federal licensed markets, 13 of the 13 State regulated markets, and on 7 of the 10 unregulated markets.

Consumers' prices remained at the same quoted prevailing price on 5 markets--two of them Federal markets, Des Moines and San Francisco, and three of them unregulated markets, Washington, D. C., Albuquerque, N. M., and Portsmouth, N. H.

Lower quoted prices to consumers per quart were evident to only two markets out of the 40--Davenport, Iowa, a Federal licensed market having one cent less per quart to family trade in December, 1934, compared to December, 1932, and Evansville, Indiana, a Federal licensed market, with one-half cent reduction per quart.

Prices to producers' (buying prices of dealers f.o.b.) advanced on 35 markets out of the 40 in the interval noted. Of these, 15 of the 17 Federal licensed markets showed advances, 13 of the 13 State regulated markets showed advances, and 7 of the 10 unregulated markets showed gains in the price to producers.

Slightly lower comparable prices to producers than in December, 1932, were indicated on 4 markets of the 40--Portsmouth, N. H. and Albuquerque, N. M., and San Francisco and Davenport, or two unregulated and two Federal licensed markets.

Washington, D. C., remained the same in all particulars in regard to its premium milk, with no evident change in prices or margins.

Greater gross margins to dealers on delivered milk were shown on 30 markets out of 40 in December, 1934, compared with December, 1932. Of these, 13 were the respective State regulated markets, 10 were Federal licensed markets, and 7 were unregulated markets.

Slightly reduced margins to dealers were evident on 9 markets out of 40, of which 7 were Federal licensed markets and two were unregulated markets. Markets showing decreased margins to dealers in December, 1934, compared with December, 1932, were Evansville, Ind.; St. Louis, Mo.; Des Moines, Iowa; Davenport, Iowa; Chicago, Ill.; Boston, Mass.; and Los Angeles, Calif. All these are operating under Federal milk licenses. In the list of lower margin markets were Greensboro, N. C., and Little Rock, Ark., both unregulated markets with relatively high retail margins in both years.

In December, 1932, the range in retail delivered prices was from 6 cents to 14 1/2 cents a quart. In December, 1934, the range was from 9 to 16 cents a quart.

In December, 1932, the range in prices paid for raw milk to producers by distributors was from 2.10 cents to 7.55 cents a quart, while in December, 1934, the range was from 3.85 cents to 8.3 cents a quart.

In December, 1932, the range of gross margins to dealers a quart on retail sales was from 3.9 cents to 9.66 cents a quart, and in December, 1934, the range was from 4.69 cents to 9.32 cents a quart.

In December, 1932, there were 8 markets with retail gross margins per quart below 5 cents. In December, 1934, only two markets, both Federal licensed markets, Boston and Chicago, had margins under 5 cents per quart out of the 40 markets reviewed. Boston was the only city appearing in the low margin group in both years.

There were 14 markets with margins between 5 and 6 cents a quart in December, 1932, and 17 markets with margins between 5 and 6 cents in December, 1934. Of these, 8 are Federal licensed markets, 5 are State regulated markets, and 4 are unregulated markets.

There were 11 markets with margins between 6 and 7 cents a quart in December, 1932, and 14 markets with margins lying within that range in December, 1934. Of these, 6 are Federal licensed markets, 6 are State regulated markets, and 2 are without any official control.

In the group with margins between 7 and 8 cents a quart in December, 1932, there were 4 markets. In December, 1934, there were 5 markets in this group, of which 3 were without official control and one each were Federal and State markets.

Only one market had a margin above 8 cents a quart in December, 1932, while in December, 1934, two markets had margins above 8 cents a quart. Of these one, Jacksonville, Fla. is a State regulated market, and the other, Greensboro, N. C., is an unregulated market.

December, 1932, and the months immediately following it, constitute the period of greatest chaos and depression in the fluid milk industry. Comparable figures for December, 1934, indicate to some extent the degree of recovery since that time.

Tables giving the dealers buying price, prevailing test of milk sold, retail prices to family trade and gross margins of dealers, for December 1932 and December 1934, for all sales areas included in the review, follow:

December, 1932

Dealers' buying prices for milk adjusted to standard butterfat test of milk sold with retail delivered prices and gross margins.

Market	Dealers' buying prices for raw milk f.o.b. city Per cwt.	Per qt.	Prevailing butterfat test of milk sold	Retail price per quart delivered to family trade	Gross margin to dealers per quart retail only
	Dollars	Cents	Percent	Cents	Cents
Rockford, Ill.	0.98	2.10	3.7	6	3.90
Memphis, Tenn.	1.67	3.59	4.0	8	4.41
Philadelphia, Pa. ..	2.10	4.51	3.8	9	4.49
Milwaukee, Wis.	1.63	3.50	3.6	8	4.50
Seattle, Wash.	1.95	4.19	4.0	9	4.81
Cleveland, Ohio. ...	1.48	3.18	3.7	8	4.82
Boston, Mass.	2.84	6.11	3.7	11	4.89
Tulsa, Okla.	1.44	3.10	4.0	8	4.90
Sioux City, Iowa. ..	1.39	2.99	3.8	8	5.01
Grand Rapids, Mich..	1.37	2.94	3.8	8	5.06
Pittsburgh, Pa.	1.36	2.92	3.7	8	5.08
Topeka, Kans.	1.34	2.88	3.8	8	5.12
Chicago, Ill.	1.80	3.87	3.5	9	5.13
Portland, Oreg.	1.70	3.65	4.0	9	5.35
Washington, D. C. ..	3.51	7.55	4.2	13	5.45
Sioux Falls, S. D...	1.65	3.55	4.0	9	5.45
Richmond, Va. ...... (Premium milk)	3.03	6.52	4.0	12	5.48
Detroit, Mich.	1.63	3.50	3.6	9	5.50
New York...........	2.56	5.50	3.7	11	5.50
Denver, Colo.	2.02	4.34	3.6	10	5.66
Louisville, Ky.	2.00	4.30	4.0	10	5.70
Des Moines, Iowa....	1.87	4.02	3.9	10	5.98
Hartford, Conn.	2.75	5.91	3.9	12	6.09
Davenport, Iowa.....	1.81	3.90	3.7	10	6.10
Albany, N. Y.	1.80	3.87	4.0	10	6.13
Kansas City, Mo. ...	1.77	3.80	3.8	10	6.20
Wheeling, W. Va. ...	1.76	3.78	3.7	10	6.22
Los Angeles, Cal. ..	2.19	4.70	4.0	11	6.30
Buffalo, N. Y.	1.68	3.61	3.7	10	6.39
New Orleans, La. ...	1.66	3.57	4.0	10	6.43
Evansville, Ind. ...	1.64	3.52	3.8	10	6.48
San Francisco	2.51	5.40	4.0	12	6.60
Miami, Fla.	2.45	5.27	4.3	12	6.73
Albuquerque, N. M...	2.33	5.01	4.0	12	6.99
Little Rock, Ark. ..	1.40	3.01	4.0	10	6.99
Portsmouth, N. H. ..	2.21	4.75	3.8	12	7.25
Jacksonville, Fla...	2.65	5.70	4.5	13	7.30
St. Louis, Mo.	1.19	2.55	3.8	10	7.45
Birmingham, Ala. ...	2.50	5.38	4.5	13	7.62
Greensboro, N. C. ..	2.25	4.84	4.0	14.5	9.66

December 1934

Dealers' buying prices for milk adjusted to standard butterfat test of milk sold with retail delivered prices and gross margins.

Market	Dealers' buying prices for raw milk f.o.b. city Per cwt.	Per qt.	Prevailing butterfat test of milk sold	Retail price per quart delivered to family trade	Gross margin to dealers per quart retail only
	Dollars	Cents	Percent	Cents	Cents
Chicago (F)	2.47	5.31	3.8	10	4.69
Boston (F)	3.26	7.01	3.07	12	4.99
Davenport (F)	1.79	3.85	3.8	9	5.15
Sioux City (F)	1.79	3.85	3.8	9	5.15
Evansville, Ind. (F).	2.02	4.34	3.8	9.5	5.16
Memphis	2.25	4.84	4.0	10	5.16
Philadelphia (S)	2.72	5.84	3.8	11	5.16
Topeka (F)	2.22	4.77	3.7	10	5.23
Grand Rapids (F)	2.19	4.71	3.8	10	5.29
Milwaukee (S)	2.18	4.68	3.6	10	5.32
Des Moines (F)	2.12	4.56	3.9	10	5.44
Washington, D. C. ... (Premium milk)	3.51	7.55	4.2	13	5.45
Tulsa, Okla. (F)	2.10	4.52	3.5	10	5.48
Pittsburgh (S)	2.56	5.50	3.7	11	5.50
New York (S)	3.38	7.26	3.7	13	5.74
Richmond (F)	3.37	7.25	4.0	13	5.75
Rockford, Ill	1.97	4.24	3.8	10	5.76
Sioux Falls, S. D. ..	1.95	4.19	4.0	10	5.81
Cleveland (S)	2.33	5.01	3.5	11	5.99
Detroit (F)	2.29	4.92	3.6	11	6.08
Los Angeles (F)	2.68	5.76	4.0	12	6.24
Portland, Oreg. (S)..	2.20	4.73	4.0	11	6.27
Seattle (S)	2.20	4.73	4.0	11	6.27
Albany (S)	2.65	5.69	4.0	12	6.31
Hartford (S)	3.56	7.65	3.9	14	6.35
Denver (F)	2.16	4.64	3.6	11	6.36
Wheeling (S)	2.16	4.64	3.7	11	6.36
St. Louis (F)	2.09	4.49	3.8	11	6.51
New Orleans	2.08	4.47	4.0	11	6.53
Buffalo (S)..........	2.53	5.44	3.7	12	6.56
San Francisco (F) ...	2.48	5.33	4.0	12	6.67
Kansas City, Mo. (F).	2.45	5.26	3.8	12	6.74
Little Rock	2.40	5.16	4.0	12	6.84
Louisville (F)	2.25	4.83	4.0	12	7.17
Portsmouth, N. H. ...	2.20	4.73	3.8	12	7.27
Albuquerque, N. M. ..	2.00	4.30	4.0	12	7.70
Miami, Fla. (S)	3.83	8.23	4.2	16	7.77
Birmingham	2.90	6.23	4.5	14	7.77
Jacksonville, Fla.(S)	3.25	6.98	4.5	15	8.02
Greensboro, N. C. ...	2.64	5.68	4.1	15	9.32

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SALES AREA REDUCED IN DETROIT MILK LICENSE

On recommendation of the market administrator and producers and distributors, the existing milk license for the Detroit, Mich., milk sales area has been amended by the Agricultural Adjustment Administration for the purpose of reducing the territory in the sales area. The amendment has been signed by Secretary Wallace and the amended license went into effect January 9.

The territory removed from the Detroit milk sales area by means of the amendment includes Nankin and Livonia townships in Wayne county, and the townships of Clinton and Harrison in McComb county, as well as all territory within the corporate limits of the city of Mt. Clemens.

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INCREASE IN BUTTERFAT DIFFERENTIAL IN TWIN CITY LICENSE

Secretary Wallace has signed an amendment to the existing license for the Twin City, Minn., sales area, which increases the butterfat differential from 3 to 4 cents for each one-tenth of 1 percent of butterfat that the average test of milk delivered by producers is above or below the market standard of 3.5 percent butterfat. The amendment went into effect January 10.

The amendment raising the butterfat differential one cent per one-tenth of each percent in the variation of the test was requested by the Twin City Milk Producers' Association. It is expected that the amendment will return to producers a price for that quantity of butterfat in the milk which tests more than 3.5 percent butterfat more nearly in line with the regular price of butterfat as now obtainable through creameries and other milk buying plants.

# # #

STOCKS OF COTTON POOL TOTAL 1,617,932 BALES

The Cotton Producers Pool now holds a total of 1,617,932 bales of actual cotton and 20,900 bales of long futures contracts, as announced by Oscar Johnston, manager of the pool. At the close of business on January 7, 1935, the status of the pool was as follows:

Cotton on hand unsold, 1,594,290 bales.

Cotton sold with price not fixed, 23,642 bales; total stock, 1,617,932 bales.

Cotton futures long contracts: 20,900 bales.

The futures are distributed through the months of May, July and October. The pool holds no short contracts.

The total amount of cotton acquired from the Farm Credit Administration in June of 1933 was 2,485,574 bales, including cotton futures. This cotton was optioned to producers at 6 cents a pound as a part of their compensation in the 1933 emergency cotton adjustment program.

Mr. Johnston further stated that participation trust certificates, representing 221,000 bales, sold to the Cotton Pool, pursuant to an agreement

made December 6, 1934, with a group of cotton shippers, have all been purchased, the price fixed and the transaction closed. When this agreement was made on December 6, May New York cotton was quoted on the opening of that day at 12.63 cents a pound. This same contract opened on January 7 at 12.64 cents. During the month in which the transaction was consummated, prices have ranged between 12.57 and 12.71 cents a pound. Mr. Johnston added that, so far as he knew, cotton shippers and other purchasers of participation trust certificates do not now hold certificates for any appreciable quantity of cotton.

"At present price levels, certificate holders have shown no disposition to offer any large number of certificates to the Pool," Mr. Johnston said "Current offerings are averaging less than 200 bales each day."

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PURCHASING CATTLE IN WORST-HIT DROUGHT STATES

Instructions have been issued to Harry Petrie, chief of the Cattle Section of the Agricultural Adjustment Administration, in Denver, to reallocate $3,500,000 of unexpended Government cattle purchase funds on the basis of the need in the most critically-situated drought states, it was announced today.

Reallocation has been made possible by the fact that some states have not used all of their previous allocations, releasing this money for areas where conditions are more severe. No estimates are available as to how much of the reallocated funds will be needed. The total previously allocated was $115,822,000.

Allocations of the money will be made by Mr. Petrie on the basis of his knowledge of conditions in the drought states. Purchases will begin immediately. Every effort will be made to close the program by January 15. In any event, purchases and shipments must be completed by January 20, according to instructions sent to officials in charge of purchasing in the field. Cattle so bought will be handled and disposed of in accordance with the plan followed in previous Government cattle purchases.

Cattle bought through January 5 totaled 7,654,026 head, and total expenditures for cattle were $103,878,649.

# # #

PEANUTS DIVERTED TO OIL UNDER ADJUSTMENT PROGRAM

The Agricultural Adjustment Administration has announced that oil millers cooperating in the peanut-adjustment program purchased 90,500 tons of farmers' stock peanuts from the 1934 crop for oil-crushing purposes from October 1, 1934, through December 31, 1934. This is approximately 18 percent of the total 1934 crop.

The peanut program, in addition to acreage adjustment in 1935, includes a plan for adjusting the supply of peanuts from the current crop available for cleaning and shelling by making payments to encourage the use of farmers' stock peanuts in the manufacture of oil. These payments may be made direct to contracting producers who divert a portion of the crop from the shelled goods trade, or direct to oil manufacturers who pass them on in the form of higher prices for farmers' stock peanuts.

Prior to December 31, 1934, the Secretary of Agriculture offered payments to peanut millers at stipulated rates, varying with the type of peanuts, for diverting farmers' stock peanuts into oil. All of the offers by the Secretary were terminated as of December 31, and on that date millers were invited to make offers to the Secretary for crushing farmers' stock peanuts into oil. No offers under this new plan have been accepted to date.

Of the farmers' stock peanuts purchased for oil crushing prior to December 31, 64,700 tons were purchased in the Southeastern states. This tonnage is approximately 23 percent of the total 1934 production in the Southeastern area. Of this amount, 22,100 tons were Spanish type 42,600 tons were Runner type peanuts. These quantities had been crushed into oil prior to January 1, 1935.

In the Southwest, 1,900 tons of Spanish type peanuts were crushed into oil prior to January 1, 1935. This is approximately 5 percent of the total 1934 crop in the Southwestern area.

In the Virginia area, 4,500 tons of Virginia type peanuts were crushed into oil prior to December 31. In addition, 20,400 tons were purchased through December 31 for crushing into oil prior to May 1, 1935, making a total of 24,900 tons, or 12 percent of the total Virginia crop, diverted into oil channels under the program.

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HEARING ON DISMISSAL OF FLORIDA CITRUS MANAGER

Secretary Wallace has stayed the action of the Florida citrus control committee in the dismissal of O. G. Strauss as treasurer-manager of the committee until after a public hearing to receive testimony and evidence of the parties interested in the action, it has been announced. The hearing is to be held 10 a.m., January 17, at Orlando, Florida. At this hearing all persons may also offer evidence as to any other orders or decisions of the committee in respect to the operation and administration of the agreement and license.

The restraining order was signed by the Secretary, under provisions of the marketing agreement for the Florida citrus industry, after petitions had been made by Harry L. Borland, I. A. Yarnell, A. W. Young, Francis P. Whitehead and Eugene Farrell, all members of the control committee. The petitions charged that the order of the committee terminating the services of O. G. Strauss as treasurer-manager of the committee was initiated by the shipper members of the committee as a reprimand to the grower members for the stand taken in a headquarters controversy. It was also charged that the committee refused to give Mr. Strauss a hearing, that no charges were made against him to warrant the dismissal, that the Government audits would show him to be efficient in the office, and that it would be unwise to make a change in the middle of the shipping season as such action would bring disorder and confusion to the industry.

# # #

TEXAS CITRUS LICENSE AMENDMENT APPROVED

An amendment to the amended license for shippers of oranges and grapefruit grown in Texas has been signed by Secretary of Agriculture Henry A. Wallace. It will become effective January 19.

Under the license, as amended, shippers whose allotment during any proration period is based on their past performance need not, as heretofore, file growers' certificates before the allotment is made. Instead they are required to file growers' certificates within forty-eight hours after the end of the proration period. Failure to file the growers' certificates within the required period will prevent shippers from obtaining subsequent allotments.

This amendment was made to adapt the license and its provisions more closely to the prevalent trade practices in the Texas citrus industry.

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AGREEMENT AND LICENSE FOR COLORADO VEGETABLES

A marketing agreement and license, which seek to improve returns to growers of fresh peas and cauliflower in Colorado through a system of proration and allocation of shipments, has been signed by Secretary of Agriculture Henry A. Wallace, and will become effective January 15.

Under the agreement the quantity of fresh peas and cauliflower available for shipment is to be determined from reports by shippers and growers to be made to a district committee and forwarded to the control committee. The control committee will in turn determine the proportion of the cauliflower and peas that may be shipped from each district. When the district committees receive their respective allotments they will allocated to each grower or handler his pro rata share of the total to be shipped.

Provisions are made in the agreement for compliance with U.S. Grade standards and inspection certificates to accompany each shipment of cauliflower or peas. The control committee to administer the agreement and license is to be composed of nine members, three selected by the handlers, three by the growers of peas, and three by the growers of cauliflower.

The Agreement provides for division of the producing areas in four districts. In each district where peas are grown a district committee of three members is to be elected by growers of peas, and in each district where cauliflower is grown the same provision is made for the election of a district committee by growers of cauliflower. Where both commodities are produced, separate committees are to be elected for each commodity and will operate separately.